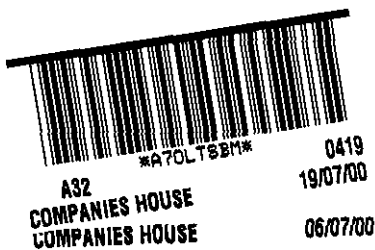


**GOSPORT FERRY LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 1999**



Company no 2254382

# GOSPORT FERRY LIMITED

## FINANCIAL STATEMENTS

For the year ended 31 December 1999

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Company registration number: 2254382

Registered office: South Street  
Gosport  
Hampshire  
PO12 1EP

Directors: Non executive M R Wright, ARICS  
J E Macmillan

Executive G D Phillips  
C R P Withinshaw

Secretary: J E Macmillan

Bankers: Barclays Bank Plc  
43/44 High Street  
Gosport  
Hampshire  
PO12 1DN  
  
National Westminster Bank Plc  
PO Box 25  
130 Commercial Road  
PO1 1ES  
  
Lloyds Bank Plc  
23/29 Albion Place  
Maidstone  
Kent  
ME14 5DY

Solicitors: Churchers  
28 High Street  
Gosport  
Hampshire  
PO12 1DQ

Auditors: Grant Thornton  
Registered auditors  
Chartered accountants  
Enterprise House  
Isambard Brunel Road  
Portsmouth  
PO1 2RZ

# **GOSPORT FERRY LIMITED**

## **FINANCIAL STATEMENTS**

For the year ended 31 December 1999

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<b>INDEX</b>	<b>PAGE</b>
Report of the directors	1 - 2
Report of the auditors	3
Principal accounting policies	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 11
Detailed trading profit and loss account	12 - 13

# GOSPORT FERRY LIMITED

## REPORT OF THE DIRECTORS

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The directors present their report together with financial statements for the year ended 31 December 1999.

### Principal activities

The company is principally engaged in operating the passenger ferry service between Gosport and Portsmouth and pleasure cruises in the Solent area.

### Business review

There was a profit for the year after taxation amounting to £229,698 (1998: profit £228,586). The directors do not recommend the payment of a dividend.

### Directors

The present membership of the Board is set out below. All directors served throughout the year apart from as noted below. In accordance with the Articles of Association M R Wright retires by rotation and being eligible offers himself for re-election.

The interests of the directors and their families in the shares of the company as at 31 December 1999 and 1 January 1999, or the date of their resignation from the Board if earlier, were as follows:

	Ordinary shares	
	31 December 1999	1 January 1999
C J Solen (resigned 31 October 1999)	-	-
M R Wright, ARICS	-	-
M L Bell, LLB, Notary Public (resigned 31 October 1999)	-	-
G D Phillips	-	-
C R P Withinshaw	-	-
M G Harper, OBE (resigned 31 December 1999)	-	-
J E Macmillan	-	-

The interests of the directors in the shares of the holding company, The Portsmouth Harbour Ferry Company Public Limited Company, and of other subsidiaries of the holding company, namely Clarence Marine Engineering Limited, Portsea Harbour Company Limited, and Cobham Travel Limited are shown in those company's financial statements.

# GOSPORT FERRY LIMITED

## REPORT OF THE DIRECTORS

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### Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Year 2000 Compliance

The company reviewed its computer systems for the impact of the Year 2000 date change, prepared an action plan to address the issue and carried out all necessary measures. All systems have continued to operate properly over the Year 2000 date change and through any roll-over procedures that occurred at a latter date.

The issue is complex, and no business can guarantee that there will be no Year 2000 problems. As all businesses are dependant on the compliance of their major customers, suppliers and other trading partners, any impact that has occurred on their systems will affect the company's business to a greater or lesser extent.

### Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



J E Macmillan  
Secretary  
7 April 2000

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
GOSPORT FERRY LIMITED**

We have audited the financial statements on pages 4 to 11 which have been prepared under the accounting policies set out on page 4.

**Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

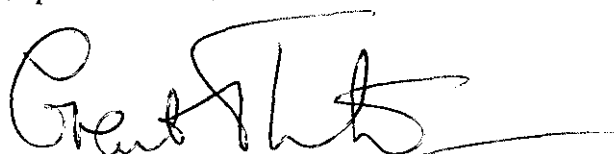
**Basis of opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**

PORTSMOUTH  
7 April 2000

**BASIS OF PREPARATION**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

**TURNOVER**

Turnover is the total amount receivable by the company for services provided, excluding VAT.

**DEPRECIATION**

Depreciation is calculated to write down the cost of tangible fixed assets by equal annual instalments over their expected useful lives. The periods generally applicable are:

Plant and machinery	Periods between 5 and 10 years
Small harbour launches	Periods between 10 and 15 years

Vessels in the course of construction are not depreciated until they are brought into use.

**STOCKS**

Stocks are stated at the lower of cost and net realisable value.

**DEFERRED TAXATION**

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise.

**CONTRIBUTIONS TO PENSION FUNDS**

**Defined benefit scheme**

The pension costs charged against profits are based on actuarial methods and assumptions designed to spread the anticipated pension costs over the service lives of the employees in the scheme, so as to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll. Variations from regular cost are spread over the average remaining service lives of current employees in the scheme.

**LEASED ASSETS**

All leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

**GOSPORT FERRY LIMITED****PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 1999

	Note	1999 £	1998 £
<b>Turnover</b>	1	<b>2,027,999</b>	<b>1,875,862</b>
Cost of sales		<u>(1,049,446)</u>	<u>(997,258)</u>
Gross profit		<b>978,553</b>	<b>878,604</b>
Administrative expenses		<b>(692,772)</b>	<b>(557,093)</b>
<b>Exceptional items</b>			
Loss on sale of fixed assets		-	9,498
<b>Profit on ordinary activities before taxation</b>	1	<b>285,781</b>	<b>331,009</b>
Tax on profit on ordinary activities	3	<b>(56,083)</b>	<b>(102,423)</b>
<b>Profit transferred to reserves</b>	11	<b>229,698</b>	<b>228,586</b>

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.



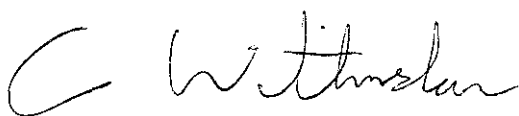
**GOSPORT FERRY LIMITED****BALANCE SHEET AT 31 DECEMBER 1999**

	Note	1999 £	1998 £
<b>Fixed assets</b>			
Tangible assets	4	85,869	70,108
<b>Current assets</b>			
Stocks	5	-	725
Debtors	6	1,498,023	519,137
Cash at bank and in hand		610	110
		<u>1,498,633</u>	<u>519,972</u>
<b>Creditors: amounts falling due within one year</b>	7	<u>(938,599)</u>	<u>(169,218)</u>
<b>Net current assets</b>		<u>560,034</u>	<u>350,754</u>
<b>Total assets less current liabilities</b>		<u>645,903</u>	<u>420,862</u>
<b>Provisions for liabilities and charges</b>	8	<u>(13,345)</u>	<u>(18,002)</u>
		<u><u>632,558</u></u>	<u><u>402,860</u></u>
<b>Capital and reserves</b>			
Called up share capital	10	60,000	60,000
Profit and loss account	11	572,558	342,860
<b>Shareholders' funds</b>	12	<u><u>632,558</u></u>	<u><u>402,860</u></u>

The financial statements were approved by the Board of Directors on 7 April 2000

C R P Withinshaw

Director



The accompanying accounting policies and notes form an integral part of these financial statements.

# GOSPORT FERRY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

### 1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities is stated after:

	1999 £	1998 £
Depreciation:		
Tangible fixed assets, owned	17,784	19,105
Hire of plant and equipment	4,332	4,610

Auditors' remuneration of £2,500 (1998:£2,500) has been charged in The Portsmouth Harbour Ferry Company plc which relates to this company.

### 2 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	1999 £	1998 £
Wages and salaries	533,602	514,392
Social security costs	47,196	38,824
Other pension costs	42,020	43,773
	<u>622,818</u>	<u>596,989</u>

The average number of employees of the company during the year, by category were as follows:

	1999 Number	1998 Number
Ferry operatives	30	30
	<u>30</u>	<u>30</u>

### 3 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	1999 £	1998 £
UK Corporation tax at 20% (1998: 31%)	60,740	97,380
Deferred taxation	(4,657)	5,043
	<u>56,083</u>	<u>102,423</u>

**GOSPORT FERRY LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 1999

**4 TANGIBLE FIXED ASSETS**

	<b>Plant and machinery £</b>	<b>Vessels £</b>	<b>Total £</b>
Cost			
At 1 January 1999	151,834	-	151,834
Additions	3,045	30,500	33,545
At 31 December 1999	154,879	30,500	185,379
Depreciation			
At 1 January 1999	81,726	-	81,726
Provided in the year	17,784	-	17,784
At 31 December 1999	99,510	-	99,510
Net book amount at 31 December 1999	<b>55,369</b>	<b>30,500</b>	<b>85,869</b>
Net book amount at 31 December 1998	70,108	-	70,108

**5 STOCKS**

	<b>1999 £</b>	<b>1998 £</b>
Consumable stores	-	725

**6 DEBTORS**

	<b>1999 £</b>	<b>1998 £</b>
Trade debtors	2,014	8,987
Amounts owed by group	1,481,650	490,278
Other debtors	716	478
Prepayments and accrued income	13,643	19,394
	<b>1,498,023</b>	<b>519,137</b>

**GOSPORT FERRY LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 1999

**7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1999 £	1998 £
Bank loans and overdraft	4,125	1,041
Trade creditors	7,861	7,808
Amounts owed to group undertakings	846,633	61,199
Corporation tax	64,193	88,775
Other creditors	3,287	2,145
Accruals and deferred income	12,500	8,250
	<u>938,599</u>	<u>169,218</u>

**8 PROVISIONS FOR LIABILITIES AND CHARGES**

	Deferred taxation £	Total £
At 1 January 1999	18,002	18,002
Provided during the year	(4,657)	(4,657)
At 31 December 1999	<u>13,345</u>	<u>13,345</u>

**9 DEFERRED TAXATION**

Deferred taxation provided for in the financial statements is set out below.

	Amount provided	
	1999 £	1998 £
Accelerated capital allowances	<u>18,002</u>	<u>18,002</u>

**10 SHARE CAPITAL**

	1999 £	1998 £
Authorised 60,000 ordinary shares of £1 each	<u>60,000</u>	<u>60,000</u>
Allotted, called up and fully paid 60,000 ordinary shares of £1 each	<u>60,000</u>	<u>60,000</u>

**GOSPORT FERRY LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 1999

**11 RESERVES**

	Profit and loss account £
At 1 January 1999	342,860
Retained profit for the year	229,698
At 31 December 1999	<u>572,558</u>

**12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1999 £	1998 £
Profit for the financial year	229,698	228,586
Net increase in shareholders' funds	229,698	228,586
Shareholders' funds at 1 January 1999	402,860	174,274
Shareholders' funds at 31 December 1999	<u>632,558</u>	<u>402,860</u>

**13 LEASING COMMITMENTS**

Operating lease payments amounting to £2,711 (1998: £2,609) are due within one year. The leases to which these amounts relate expire as follows:

	1999 Other £	1998 Other £
In one year or less	<u>2,711</u>	<u>2,609</u>

**14 PENSIONS****Defined Benefit Scheme**

The company operates a defined benefit pension scheme through its holding company. The scheme is funded as stated in the accounting policies and was valued by an independent actuary as at 31 July 1996. The cost charged in the profit and loss account for the year, as based upon pension costs for the group as a whole, amounted to £42,020 (1998: £43,773). No further provision is considered necessary. Full details of the actuarial valuation of the scheme are given in the financial statements of the ultimate parent undertaking.

**15 CAPITAL COMMITMENTS**

The company had no capital commitments at 31 December 1999 or 31 December 1998.

**16 CONTINGENT LIABILITIES**

There were no contingent liabilities at 31 December 1999 or 31 December 1998.

**17 ULTIMATE PARENT UNDERTAKING**

The directors consider that the ultimate parent undertaking of this company is The Portsmouth Harbour Ferry Company PLC, registered in England and Wales.

The Portsmouth Harbour Ferry Company plc is the company's controlling and ultimate controlling related party by virtue of owning 100% of the issued share capital of the company.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by The Portsmouth Harbour Ferry Company plc which is registered in England and Wales. Copies of the group accounts can be obtained from The Portsmouth Harbour Ferry Company plc, South Street, Gosport, Hampshire PO12 1EP.

**18 TRANSACTIONS WITH GROUP COMPANIES**

As a wholly owned subsidiary of The Portsmouth Harbour Ferry Company plc, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group.